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Madera Utilities, Inc.
***Application for approval of adjusted
schedule of rates and charges for
wastewater services***

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SC PUBLIC SERVICE
COMMISSION

Docket No. 2003-368-S

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UTILITIES DEPARTMENT

***Direct Testimony
William O. Richardson
Utilities Department***

Public Service Commission of South Carolina

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Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. William O. Richardson, 101 Executive Center Drive, Columbia, South Carolina 29210. I am employed by the Public Service Commission of South Carolina, Utilities Department, as Chief of the Water and Wastewater Area.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a Bachelor of Science Degree in Electrical and Computer Engineering from Clemson University in 1975. After graduation I was employed by Daniel Construction Company as an Electrical Engineer in the Power Division. In 1978 I was employed by this Commission as an Engineer Associate II. In December 2002 I was promoted to Chief of the Water and Wastewater area. I have attended various courses and seminars related to engineering, life analysis and accounting relationships. I am a member of the Water Environment Association of South Carolina, a member of the American Water Works Association and a member of the NARUC Staff Subcommittee on Water. I have testified before this Commission in other proceedings involving fuel adjustment clauses, purchased gas adjustments, and rate case proceedings of electric, water and wastewater utilities.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to set forth, in summary form, the Staff's findings relative to the determination of the amount of additional operating revenues that would result from the implementation of the proposed schedules of rates and charges.

Q. I SHOW YOU THE REPORT, TITLED, "COMMISSION STAFF REPORT, MADERA UTILITIES INC., SOUTH CAROLINA PUBLIC SERVICE COMMISSION, DOCKET NO. 2003-368-S." ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS REPORT?

A. Yes, they are contained under the Utilities Department tab.

1 **Q. PLEASE EXPLAIN HOW YOU COMPILED THE INFORMATION IN YOUR**
2 **REPORT.**

3 A. By using the information provided by the Company in its Application, Staff
4 was able to determine the amount of additional operating revenues which
5 would be produced by the proposed rates.

6 **Q. PLEASE EXPLAIN EXHIBIT NO. 1 OF YOUR REPORT.**

7 A. Exhibit No. 1, page 1, is a summary of the present approved rates and the
8 proposed rates. The Company is requesting the rates be increased from
9 \$17.50 to \$74.40 per month, an increase of \$56.90 or 325.14%.

10 **Q. PLEASE EXPLAIN EXHIBIT NO. 2 OF YOUR REPORT.**

11 A. Exhibit No. 2, on page 2 of the report summarizes the effect of the present
12 and proposed rates on the Company's operating revenue. Under the present
13 rates approved for the Company, the present revenue annualized is \$23,730.
14 Using the proposed rates, the Company would receive \$100,886, resulting in
15 an increase of \$77,156 or an increase of 325.14%.

16 **Q. PLEASE EXPLAIN EXHIBIT NO. 3 OF YOUR REPORT.**

17 A. Exhibit No. 3, on page 3, summarizes the effect of the proposed rates and
18 charges on a customer's monthly sewer bill. The requested increase in a
19 customer's sewer bill will be \$56.90 or 325.14%. The current monthly charge
20 is \$17.50. The requested monthly charge is \$74.40.

21 **Q. PLEASE EXPLAIN EXHIBIT NO. 4 OF YOUR REPORT.**

22 A. Exhibit No. 4, on pages 4 and 5, is a review of service provided by the
23 Company, and the wastewater treatment plant inspection.

24 **Q. PLEASE EXPLAIN EXHIBIT NO. 5 OF YOUR REPORT.**

25 A. Exhibit No. 5, on page 6, are various revenue requirements required to
26 produce alternate operating margins along with the applicable monthly sewer
27 service rates that would be required to produce that revenue. The Audit
28 Department calculated the revenue requirement for the alternative operating
29 margins. The Utilities Department calculated the alternate rates that would
30 produce the required revenue.
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Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes it does.